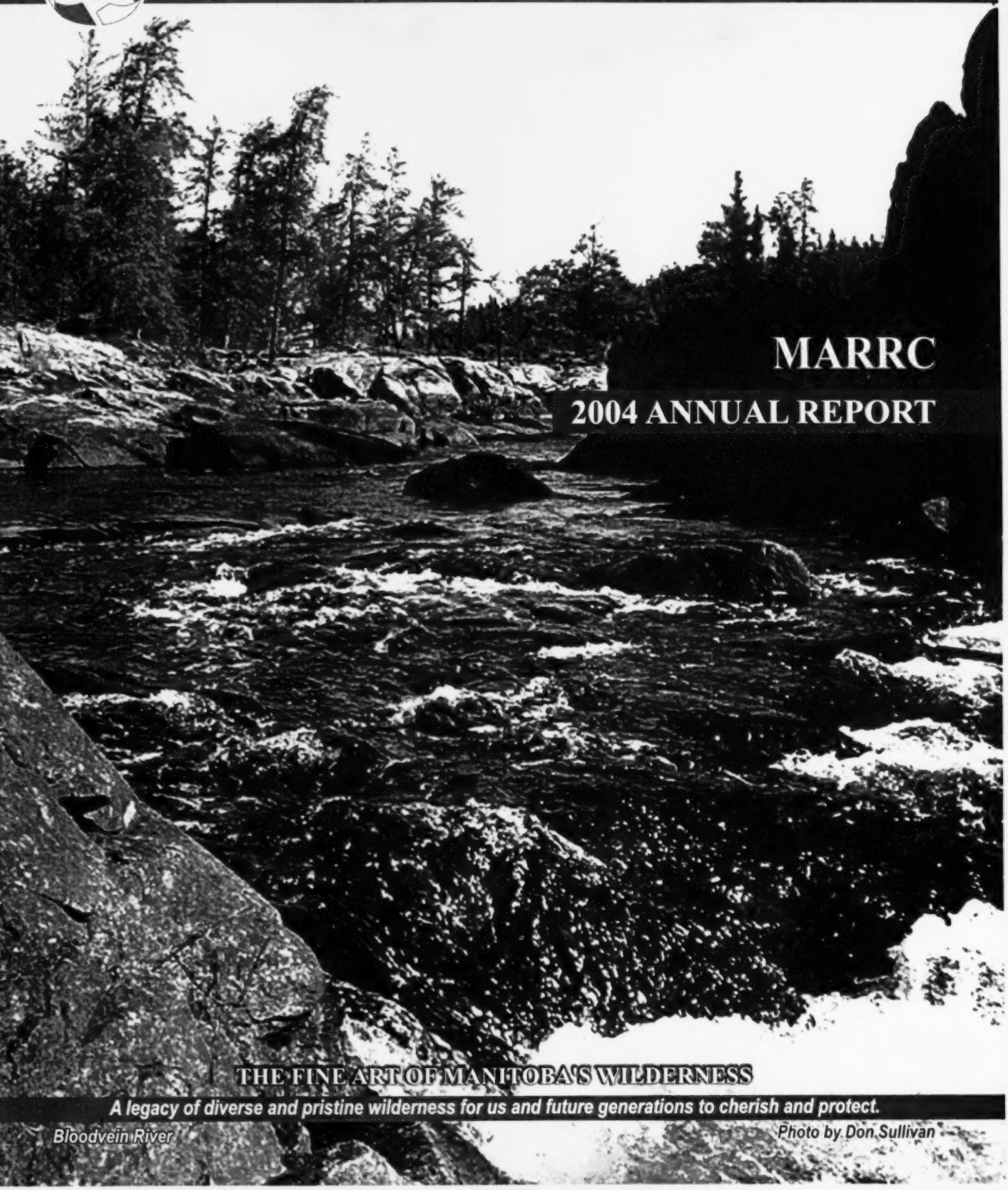
Manitoba Association for Resource Recovery Corp.



MARRC

2004 ANNUAL REPORT

THE FINE ART OF MANITOBA'S WILDERNESS

A legacy of diverse and pristine wilderness for us and future generations to cherish and protect.

Bloodvein River

Photo by Don Sullivan

Table of Contents

- Overview of MARRC 2
- Letter from Minister of Conservation, Manitoba 3
- Highlights of 2004 4
- Collection Activity 6
- Communications 8
- EcoCentre Network 10
- Members of MARRC 12
- Auditors' Report to the Members 14
- Board of Directors and Staff 22

Annual General Meeting

Tuesday, June 21, 2005
10:00 a.m.
Sawridge Inn and Conference Centre
530 MacKenzie Blvd.
Fort McMurray, Alberta
T9H 4C8

(Combined with SARRC, AUOMA, and BCUOMA)

Overview of MARRC

The Manitoba Association for Resource Recovery Corp. (MARRC) is a non-profit corporation established in 1997 by manufacturers and marketers of lubricating products in Manitoba. Its mandate is to develop, implement and administer a cost-effective, sustainable, user-financed, province-wide stewardship program for used oil, used oil filters and used oil containers.

MARRC was incorporated under The Corporations Act of Manitoba on April 1, 1997. It operates in accordance with a Letter of Approval issued by Manitoba Environment on February 26, 1998 under Section 7 of the "Used Oil, Oil Filters and Containers Stewardship Regulation" of the Waste Reduction and Prevention Act.

MARRC received a letter of approval dated January 24, 2003, from the Minister of Conservation extending the Stewardship Plan term for an additional five years to December 14, 2007.

The Corporation derives revenue principally in the form of Environmental Handling Charges (EHCs) applied to the sale or consumption of selected lubricating products in Manitoba. The Corporation's primary expenses are related to the:

- establishment and operation of a publicly-accessible network of licenced collection facilities for used lubricating products,

- payment of Return Incentives to companies licenced by the province and registered with MARRC to collect used lubricating products and transfer them to approved processors and end-users,

- payment of Processing Incentives to companies licenced by the province and registered with MARRC to recycle used lubricating products, and

- development and distribution of public education materials.

MARRC's affairs are managed by a seven-person Board of Directors drawn from the member companies of MARRC and from other stakeholder organizations.

MINISTER OF CONSERVATION

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

MAR 2 1 2005

Mr. Ron Benson
Executive Director
Manitoba Association for
Resource Recovery Corp.
35 - 1313 Border Street
Winnipeg MB R3H 0X4

Dear Mr. Benson:

It was my pleasure to officially open seven new used oil depots at major retailers in Winnipeg last May. The expansion of the Manitoba Association for Resource Recovery Corp.'s (MARRC) industry-led product stewardship program is a positive example, which demonstrates that solutions to difficult waste management issues are possible.

MARRC continues to make progress in improving the recovery of used lubricating products and providing convenient access for Manitobans to a proper waste management system for used oil, filters and containers.

In accordance with government's approval of MARRC's five-year business plan in 2002, my department will conduct a review of the Association's progress in achieving the plan's intent. I look forward to receiving suggestions and comments from stakeholders and citizens on MARRC's activities and I commend the Association for its work to date.

Yours sincerely,

Stan Struthers

Stan Struthers
Minister of Conservation

Highlights of 2004

Interest extends worldwide – South Africa visits MARRC

January 29-31 — The Recovery of Oil Saves the Environment (ROSE) management team visits MARRC from Cape Town, South Africa. Manitoba's Used Lubricating Product Stewardship Program is reviewed in detail. Rod McCormick of Manitoba Conservation also attends the meeting. A tour of the rural EcoCentre in Lorette, and a collector/processor in Winnipeg is conducted.

An ensuing response from Cape Town reads as follows: "We have come back richer for the experience and knowledge gained on our trip".

Initiatives drive awareness and support

Feb./March — MARRC develops locally a ***Lucky Lotto Keychain*** promotion with a "specific call to action" for EcoSummer 2004:

"To enter, just take your used oil, filters and plastic containers to your Used Oil Depot, sign the collection log and receive your Lucky Lotto Keychain".

April — MARRC secures over $10,000 in free prizes from its "partners for a clean environment". (See page 8 for details).

May — MARRC distributes an EcoSummer Mailer to:

175,000 households in Winnipeg.
150,000 households and acreages in rural Manitoba.

100% of MARRC's network of 70 licenced used oil collection facilities participate in the promotion.

August — MARRC distributes a second Mailer to 175,000 households in Winnipeg.

September — Over 5,000 Lucky Lotto Keychains are handed out in response to the receipt of used oil, filters and containers (1 per customer only).

Winners are announced and prizes are awarded with coverage in the Winnipeg Free Press and rural newspapers.

City of Winnipeg expansion officially launched

June — The City of Winnipeg network expansion of 7 licenced locations (6 Canadian Tire and 1 Wal-Mart) is officially launched by Minister of Conservation, Stan Struthers, on June 1, 2004, at the Canadian Tire Store on Regent Ave. The Winnipeg Free Press and CJOB radio station cover the launch with effective editorials.

Spring/Fall — The City of Winnipeg and Manitoba Conservation sponsor advertisements in the 4 weekly newspapers (the Lance, Metro, Herald and Times) advising residents of the 11 licenced locations in Winnipeg where they can take their used lubricating products.

Rural interface

Oct. 20 & 24 — MARRC participates as a presenter in the Manitoba Product Stewardship Corporation's (MPSC) Annual Workshops in Winnipeg and Brandon on the subject of reducing waste in Manitoba. In attendance are municipal delegates from throughout the province.

Highlights of 2004

Strategic Planning Session

Sept. 28-30 — MARRC Directors participate in a Combined Strategic Planning Meeting of SARRC, AUOMA and BCUOMA Directors and staff in Kelowna, BC. The session focuses on addressing strategic issues and team building. The theme of the meeting is Communication.

MARRC, along with four Provincial Associations, formalizes their cooperation in September 2004 by creating the National Used Oil Material Advisory Council (NUOMAC)

MARRC and the western associations (SARRC, AUOMA & BCUOMA) contracts Bearing Point, a national business management consultant, to conduct a comprehensive Used Oil Material Association (UOMA) Program Review with various stakeholders.

Bursaries awarded for a third year

MARRC doubles the amount to be awarded for 2004 to $3,000. Bursaries are awarded to 6 students ($500 each) qualifying in Environmental Studies at the 3 Universities in Manitoba.

EcoCentre / Collection Depot network maturing at 71

MARRC increases its rural network of EcoCentres to ***53*** exceeding the minimum network objective established by the province's multi stakeholder Used Oil Management Committee in 1996. The network includes the northern locations of The Pas, Flin Flon and Thompson. In addition, there are ***18*** other facilities licenced by Manitoba Conservation for the collection of used lubricating products of which 11 locations are in Winnipeg including 6 Canadian Tire and 1 Wal-Mart.

Efficiency Manitoba - Planning Project seeks input

February 25 — MARRC participates in the stakeholder input process with Ron Benson and Ted Stoner, Vice President Western Region, CPPI. Ron and Ted meet with Deputy Minister of Energy, Science and Technology, John Clarkson and Director of Energy Policy, Shaun Loney. MARRC presents an update on the status of the used lubricating stewardship program. Shaun Loney meets with MARRC Board on April 6. The workteam continues to convene throughout 2004.

Training and audits promote safety and compliance

Ongoing — MARRC, as part of its contractual arrangements with owners/operators of collection facilities, provides initial and recurrent on-site training for management and staff. The training, and follow-up audits are designed to promote a safe operation and compliance with each facility's operating licence issued by Manitoba Conservation. During 2004, inspections — and recertifications as required, were conducted at each of the licenced facilities throughout Manitoba.

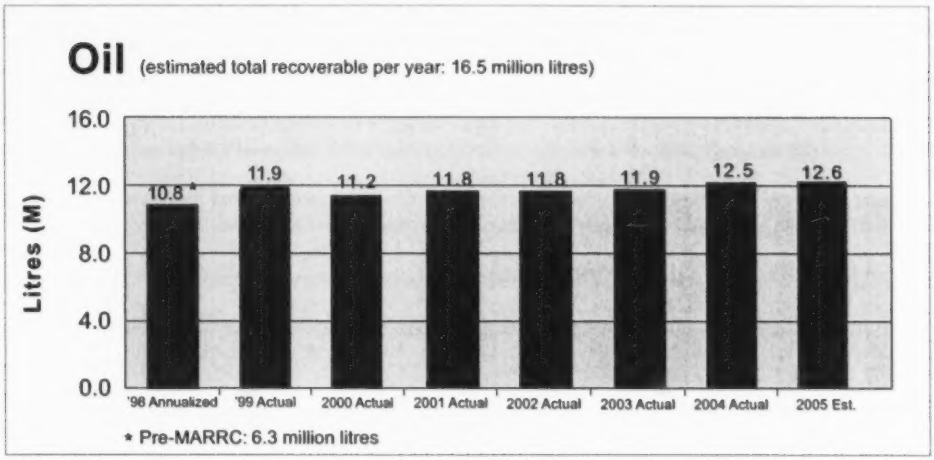
Collection volumes for 2004 extending in all zones

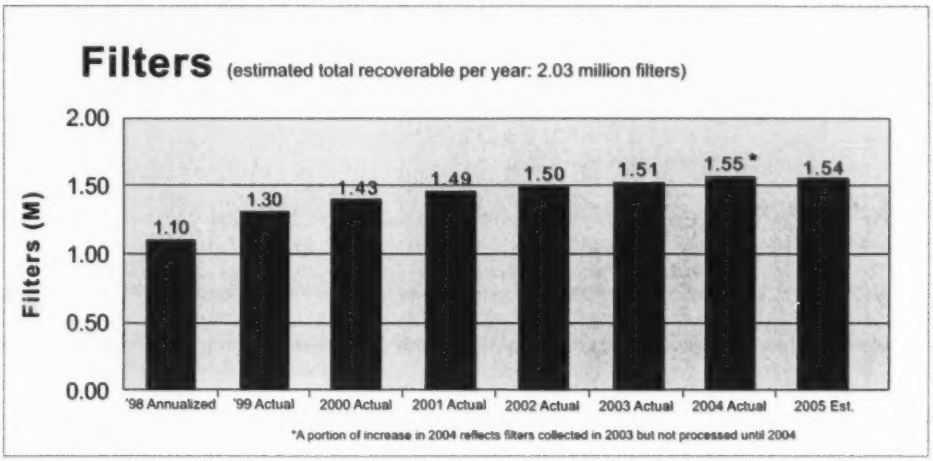
- Used Oil: 12.5 million litres (76% of total recoverable)
- Used Oil Filters: 1.55 million (76% of total recoverable)
- Used Oil Containers: 181,000 kilograms (22% of total recoverable + 20% re-used)

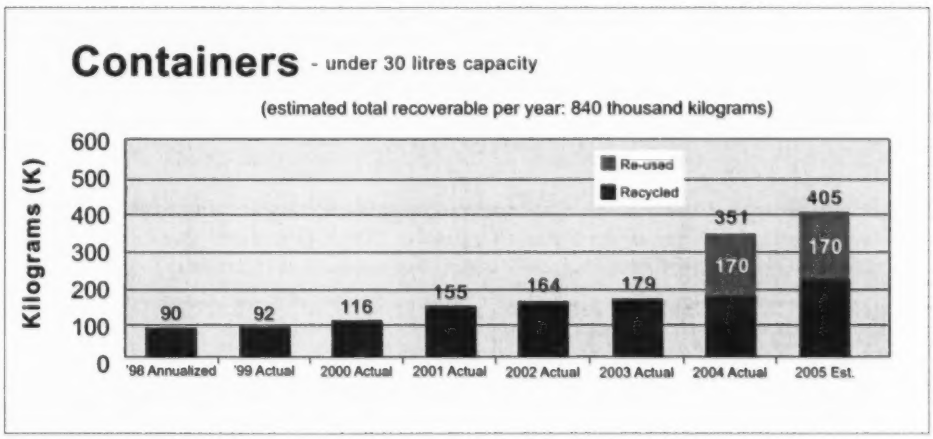
Pulse Research Ltd. conducts a comprehensive 2004 province-wide container study in Saskatchewan. The results with the farming sector reveal that 68% of the total sales of 20 litre pails are made to farmers of which 83% are being re-used by them for storing and carrying various products. Applying similar percentages to the farm sector in Manitoba reveals that 170K Kgs (20%) of the total plastics sold in the province are being held back by the farmer for re-use. This accounts for a total recycle/re-use rate of 42% for plastics in Manitoba.

July — MARRC approves a 15% weighted average increase to the Return Incentive (RI) rate for used oil containers to enhance plastic collection activities throughout the province.

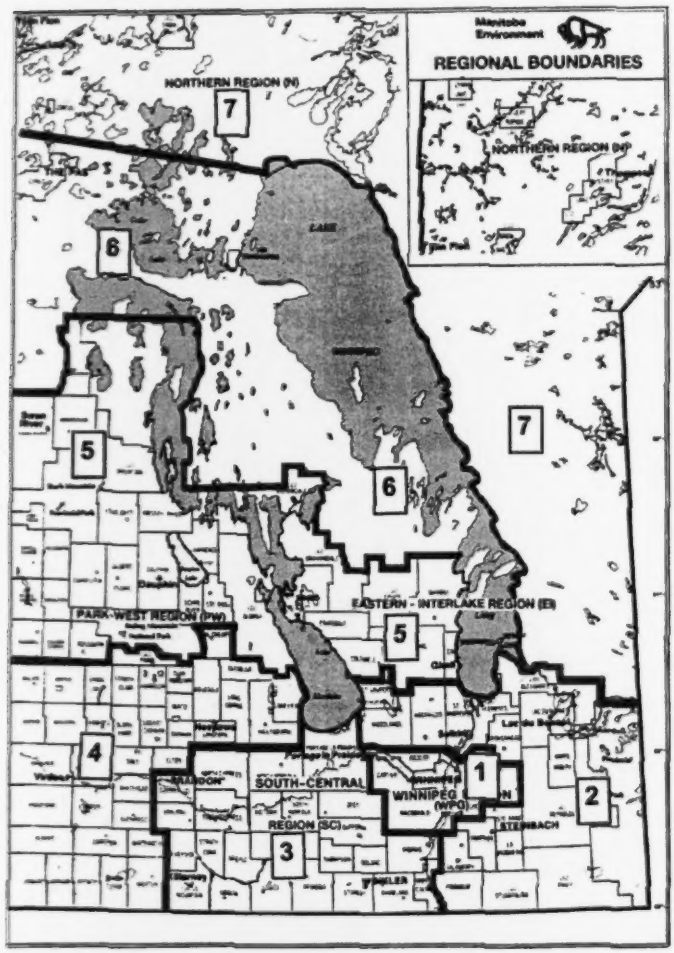
Collection Activity by Product







Collection Activity by Zone



Collection Percentages by Zone

	Zone ►	1		2		3		4		5		6		7	
		'04	'03	'04	'03	'04	'03	'04	'03	'04	'03	'04	'03	'04	'03
%	Oil	65	67	9	8	13	13	3	3	4	4	1	1	5	4
	Filters	54	54	11	10	19	19	5	6	7	7	1	1	3	3
	Containers	39	33	12	14	15	14	9	9	13	16	3	3	9	11

Mailer to Winnipeg & Rural Communities

Winnipeg Free Press

RECYCLE YOUR USED OIL PRODUCTS
WIN!
Over $10,000 in prizes including
MTD Lawn Tractor From Canadian Tire
1-888-410-1440
Watch your mail box tomorrow !!!

Winnipeg Free Press delivered the mailer separately to all residents

Mailer Distribution:

	Rural	150,000
	Winnipeg	175,000 x 2
Total		500,000

Inflatable Mr. Oil Drop

Winners

Congratulations
Used Oil Recycling
WINNERS
Winner of the MTD Lawn Tractor from Canadian Tire
Ken Loewen / Winkler
Winner of a Sears Craftsman 12 Drawer Chest & Cabinet
Sheldon Chudyk / Arborg
Winner of a Hudson's Bay King Size Point Blanket
Frank Barnes / Winnipeg
MANITOBA ECOSUMMER 2004 WINNERS
KEYCHAIN
Thank you for helping us Make Every Drop Count!
Be sure to watch out for next year's exciting promotion.

Promotional Items

Air Fresheners

FM Radio

Communications

Winnipeg Network Expansion

Seven more used-oil depots begin operating in Winnipeg

Six Canadian Tire stores, Garden City Wal-Mart now licenced

By Murray Mitchell

IT just became a whole lot easier for Winnipeggers to safely dispose of their used oil, oil filters and oil containers.

Six of the city's seven Canadian Tire stores, plus the Wal-Mart Canada store in Garden City have become licensed used-oil depots under the Manitoba Association for Resource Recovery Corporation's provincial stewardship program for used oil, oil filters and oil containers.

The seven new depots, which officially opened for business yesterday, bring to 11 the number of licensed depots now operating in Winnipeg. Unlike the other five, the seven new ones will be open seven days a week instead of the usual five.

"There are two things you've got to do to create a successful program," MARCC executive director Ron Benson said following an informal news conference yesterday in Canadian Tire store at 1519 Regent Avenue. "You've got to create an awareness of how bad this stuff is and then you've got to provide the convenience."

Manitoba Conservation Minister Stan Struthers, who was also on hand for yesterday's news conference, noted the seven new Winnipeg depots join 64 others already operating in the province.

"These depots provide a very important service in the effort to reduce the flow of waste oil into sewers and landfills," the minister said.

"Remember this shocking statistic," he added. "One litre of oil can contaminate one million litres of fresh water, so correct handling of waste oil materials is essential."

Joe Casciano, general manager of the Regent Avenue Canadian Tire store, said it wasn't hard to convince the owners of the six Canadian Tire franchises to open used-oil depots in their stores.

"It was a natural. We're involved in the oil business and we have to recycle our own oil, as well," Casciano said. "And we already had most of the equipment in place, so it was just a matter of adding a few odds and ends to complete it."

Struthers noted that in 2000, 11.9 million of 15 million litres of oil sold in the province were recycled under MARRC's stewardship program, along with 1.5 million of the 1.95 million oil filters and 220 tonnes of oil containers.

The plastic containers were subsequently used to make plastic lumber, he added.

Manitoba was one of three Canadian provinces (Saskatchewan and Alberta were the other two) that passed legislation in 1997 requiring oil manufacturers and marketers to set up a stewardship program for the safe handling of used oil, oil filters and oil containers. That same year, the manufacturers and marketers in Manitoba created the non-profit MARCC to develop, implement and administer a stewardship program in this province.

Benson said MARRC officials are pleased that roughly 80 per cent of the oil sold in the province each year and 75 to 80 per cent of the oil filters are now being recovered and recycled.

While it's likely impossible to get those numbers up to 100 per cent, "we think we might be able to get it to 85," Benson added.

To that end, he said MARRC hopes to open six to 12 more depots over the next year or so in northern communities that currently don't have any licensed drop-off sites for used oil products.

As well, a seventh Canadian Tire store in Winnipeg and one in Brandon also will be licensed shortly, and a few more Wal-Mart outlets may be added down the road.

"We'll see how that (the new depot at the Garden City store) goes, he added.

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Hon. Stan Struthers
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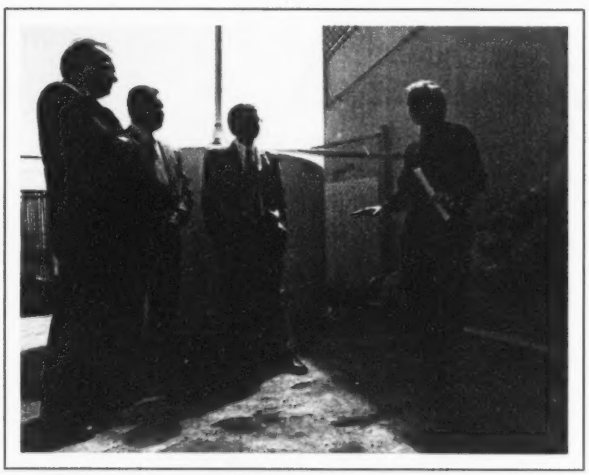
Ron Benson (right) leads (from left) Radisson MLA Bidhu Jha, Joe Casciano and Minister Stan Struthers on tour of Canadian Tire depot.



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List Includes:
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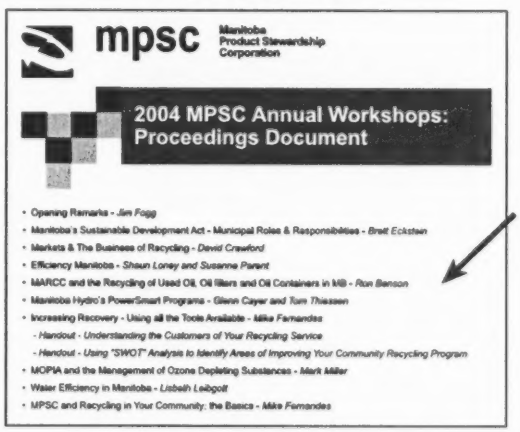
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Manitoba Product Stewardship Corporation
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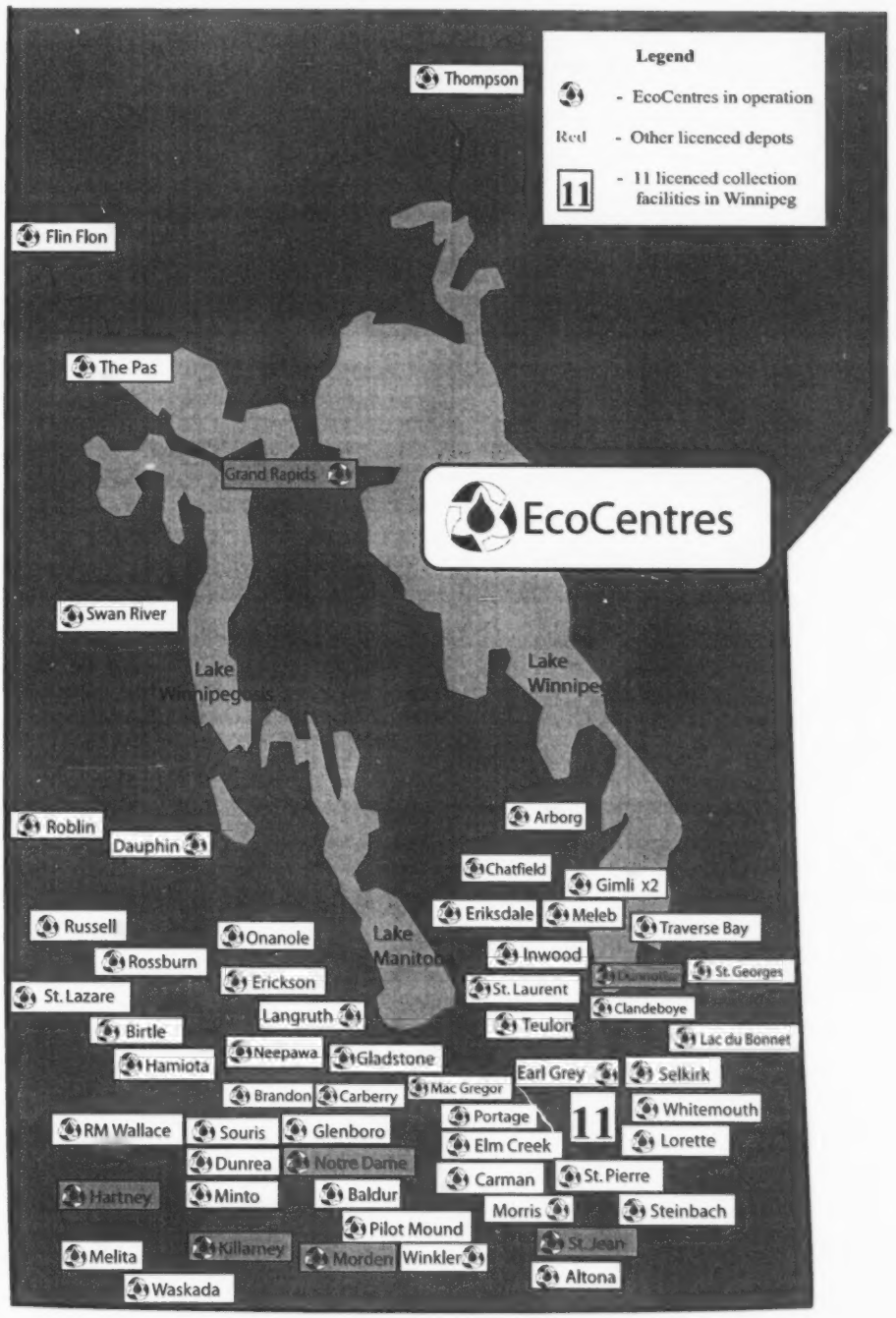
Brandon & Winnipeg

EcoCentre Network at December 31, 2004



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murray.mckaill@freepress.mb.ca

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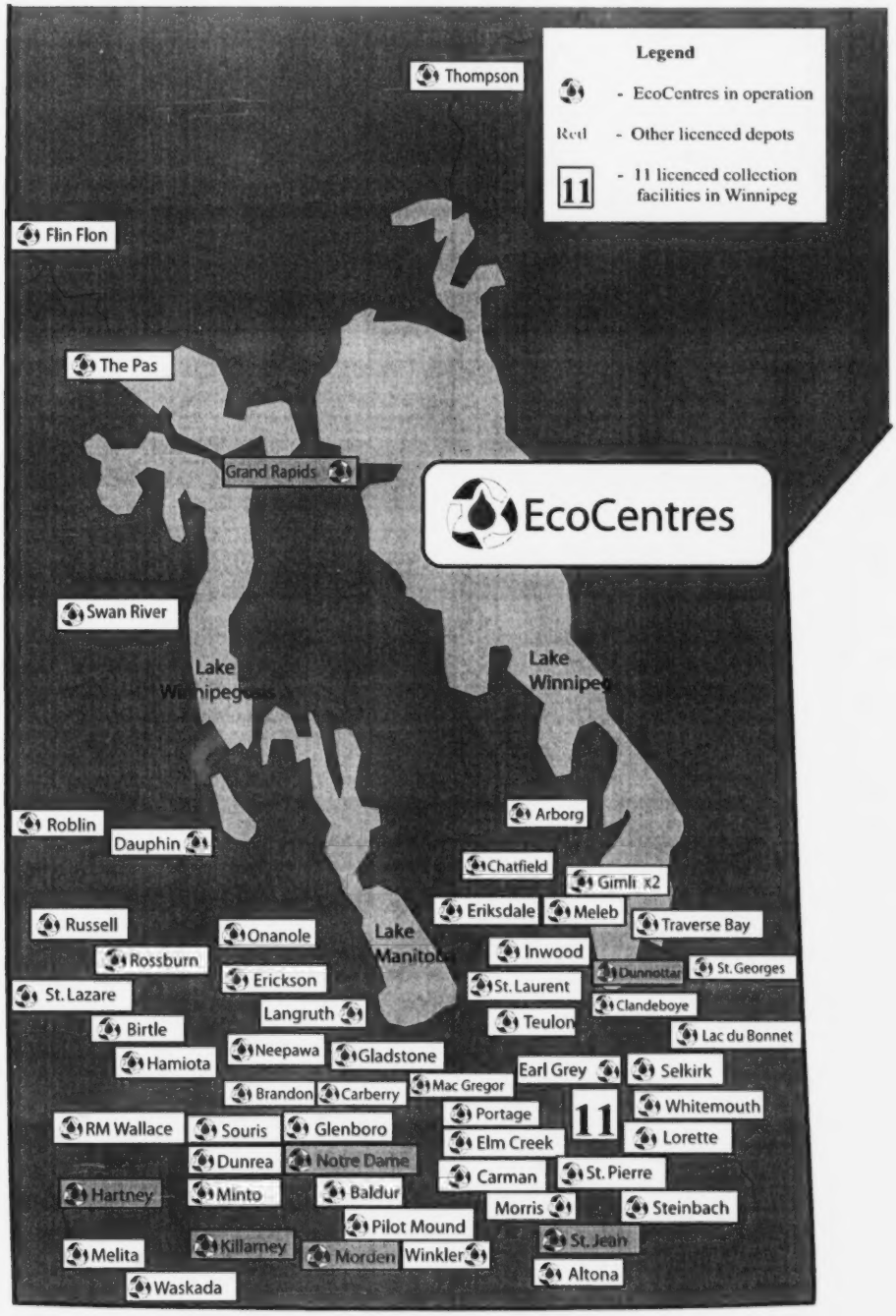

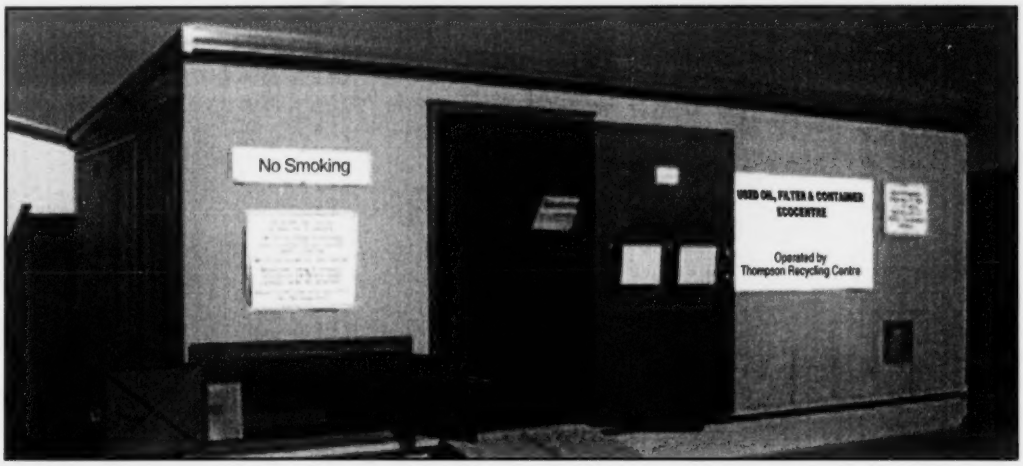

EcoCentres

	Location	Owner/Operator
1	Steinbach	City of Steinbach
2	Carman	Town of Carman
3	Melita	S K L Enterprises Ltd.
4	Altona	Town of Altona / RM of Rhineland
5	Neepawa	Town of Neepawa
6	Selkirk	City of Selkirk
7	Russell	Town of Russell / RM of Russel / RM of Silver Creek
8	Glenboro	RM of South Cypress / Village of Glenboro
9	Minto	RM of Whitewater
10	Pilot Mound	Town of Pilot Mound
11	Baldur	RM of Argyle
12	Swan River	Town of Swan River
13	Hamiota	Town of Hamiota
14	Inwood	RM of Armstrong
15	Chatfield	RM of Armstrong
16	Meleb	RM of Armstrong
17	RM of Wallace	RM of Wallace
18	Arborg	Town of Arborg / RM of Bifrost / Village of Riverton
19	Gladstone	Town of Gladstone
20	Rossburn	Town of Rossburn / RM of Rossburn
21	Portage la Prairie	Portage & District Recycling Inc.
22	Teulon	Town of Teulon / RM of Rockwood
23	Brandon	City of Brandon
24	Earl Grey	RM of St. Andrews
25	Langruth	RM of Lakeview
26	Elm Creek	RM of Grey
27	The Pas	Town of The Pas

	Location	Owner/Operator
28	Winkler	City of Winkler
29	Morris	Town of Morris
30	St. Georges	RM of Alexander
31	Traverse Bay	RM of Alexander
32	Clandeboye	RM of St. Andrews
33	Dauphin	EcoOil Recycling Centre
34	Lac du Bonnet	RM of Lac du Bonnet
35	Waskada	RM of North Cypress
36	Carberry	RM of Brenda / Village of Waskada
37	Thompson	Thompson Recycling Centre
38	St. Laurent	RM of St. Laurent
39	Erickson	Town of Erickson / RM of Clanwilliam
40	Eriksdale	RM of Eriksdale
41	Flin Flon	City of Flin Flon
42	Dunrea	RM of Riverside
43	MacGregor	RM of North Norfolk / Village of MacGregor
44	Roblin	RM of Shell River / RM of Hillsburg
45	Onanole	RM of Park
46	Gimli	RM of Gimli
47	Arnes	RM of Gimli
48	Whitemouth	RM of Whitemouth / RM of Reynolds / North Whiteshell Provincial Park
49	St. Lazare	RM of Ellice / Village of St. Lazare
50	St. Pierre	RM of De Salaberry / Village of St. Pierre-Jolys
51	Lorette	RM of Taché
52	Souris	Town fo Souris / RM of Glenwood
53	Birtle	Town of Birtle / RM of Birtle

Other Licenced Collection Facilities

1	Winnipeg	A-1 Environmental Services 1447 Dugald Road
2	Winnipeg	Enviro West Inc. 1090 Kenaston Blvd.
3	Winnipeg	Miller Environmental Corporation 65 Trottier Bay
4	Winnipeg	WRS Waste & Recycling Services 940 Redonda
5	Winnipeg	Wal-Mart 2370 McPhillips Street
6	Winnipeg	Canadian Tire Garden City 2303 McPhillips
7	Winnipeg	Canadian Tire East Kildonan 1519 Regent Ave.
8	Winnipeg	Canadian Tire Polo Park 750 St. James
9	Winnipeg	Canadian Tire Fort Garry McGillvray & Kenaston

10	Winnipeg	Canadian Tire St. Boniface Fermor & Beaverhill
11	Winnipeg	Canadian Tire Unicity 3615 Portage Ave.
12	Notre Dame	Aimé Pantel
13	Morden	Pembina Valley Containers Ltd.
14	Hartney	Southwest Recycling
15	Grand Rapids	Triple T Repair Service
16	Killarney	Town of Killarney
17	St. Jean	Miller Environmental Corporation
18	Dunnottar	Village of Dunnottar

Members of MARRC

49 North Forwarding Ltd.
AGCO Corporation
AMSOIL Inc.
ATP-Inc.
AUTO-CAMPING Ltd.
Acklands - Grainger Inc.
Advic Bearing and Auto Ltd.
Agip Canada Inc.
Air BP Canada Ltd.
Airparts Network Ltd.
Alline Supply Inc.
Altrom Canada Corporation
ArvinMeritor
Applied Industrial Technologies Ltd.
AutoTrans Inc.
BMW Canada Inc.
BOSS Lubricants
Barret Marketing Group Ltd.
Baldwin Filters
BestBuy Distributors Limited
Buhler Versatile Inc.
CNH Canada Ltd.
CORE-MARK International, Inc.
CPT Canada Power Technology Limited
Canada Safeway Limited
Canadian Tire Corporation, Limited
Castrol Canada Inc.
Champion Laboratories Inc.
Chevron Texaco Global Lubricants
Churchill Marine Tank Farm Co.
Complete Lube Supply Ltd.
Costco Wholesale Canada
Cummins Western Canada
DaimlerChrysler Canada Ltd.
Dana Canada Inc.
Donaldson Company, Inc.
F.L. Viscosity Oil Co.
Federated Co-operatives Limited
Ford Motor Co. of Canada, Ltd.
Fort Garry Industries Ltd.
Fred Deeley Imports Ltd.
Freightliner Limited
Fuchs Lubricants Canada Ltd.
GK Industries Ltd.
General Motors of Canada Limited
Hastings Filters
Home Hardware Stores Limited
Honda Canada Inc.
Honeywell Automotive Products
Husky Oil Marketing Company
Hyundai Auto Canada
Imperial Oil
Industrial Truck Service Ltd.
International Truck & Engine Corp.
Irving Oil Limited
JKL Enterprises Inc.
Jimmy Diesel Parts Co.
John Deere Limited
Kinecor Inc.
King-O-Matic Industreis Ltd.
Kleen-Flo Tumbler Industries Limited
Kubota Canada Ltd.
Land Rover Group Canada Inc.
Lemky Rural Repair
Magne Enterprises Ltd.
Magnum Oil Mb. Ltd.
Manitoba Hydro
Maxim Transportation Services Inc.
Mazda Canada, Inc.
Mercedes-Benz Canada Inc.
Midas Canada Inc.
Midwest Detroit Diesel-Allison Ltd.
Midwest Hydraulics Inc.
Mining Technologies International Inc.
Mitsubishi Fuso Truck of America Inc.
Modern Sales Co-op
Mohawk Lubricants Ltd.
Motion Industries (Canada) Inc.
Motor Coach Industries Ltd.
Mr. Lube Canada Inc.
NemCo Resources Ltd.
Newalta Corporation
New Flyer Parts
Nissan Canada Inc.
Northern Industrial & Auto Ltd.
Northern Titan Equipment Sales Ltd.
Oak Point Oil Distributors
Oil Depot Limited
Oil Mart Ltd.
PACCAR of Canada, Ltd. Parts Division
PSC-Power Source Canada Ltd.
Parker Hannifin
Pauwels Canada Inc.
Pennzoil-Quaker State Inc.
Petro-Canada Lubricants
Porsche Cars Canada, Ltd.
Precambrian Wholesale Limited
Prévost Car Inc.
Radiator Specialty Company of Canada Ltd.
Robert Bosch Inc.
Safety-Kleen Canada Inc.
7-11 Canada
Shell Canada Products
Sodisco-Howden
Southwestern Petroleum Canada Limited
Subaru Canada Inc.
Suzuki Canada Inc.
Terratech Equipment Inc.
Texas Refinery Corp. of Canada Limited
The North West Company Inc.
TruServ Canada Cooperative Inc.
Toromont Industries Ltd.
Toyota Canada Inc.
UAP Inc.
USI-AGI Prairies Inc.
Valvoline Canada Ltd.
Volkswagon Canada Inc.
Volvo Trucks Canada Inc.
Wainbee
Wajax Industries Limited
Wal-Mart Canada Inc.
Wallace & Carey Ltd.
Westcon Equipment & Rentals Ltd.
Western Turbo & Fuel Injection Ltd.
Westfair Foods Ltd.
Yamaha Motor Canada Ltd.
Yetman's Ltd.
Zellers / Hudson's Bay Co.

Manitoba Association for Resource Recovery Corp.

Financial Statements
December 31, 2004

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
One Lombard Place, Suite 2300
Winnipeg, Manitoba
Canada R3B 0X6
Telephone +1 (204) 926 2400
Facsimile +1 (204) 944 1020

February 24, 2005

Auditors' Report

To the Members of
Manitoba Association for Resource Recovery Corp.

We have audited the balance sheet of **Manitoba Association for Resource Recovery Corp.** as at December 31, 2004 and the statements of operations, changes in unrestricted net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

Manitoba Association for Resource Recovery Corp.

Balance Sheet

As at December 31, 2004

	2004 $	2003 $
Assets		
Current assets		
Cash and short-term investments	863,066	886,428
Environmental handling charges receivable	711,827	775,810
Accounts receivable	26,602	13,425
Prepaid expenses and deposits	905	905
	1,602,400	1,676,568
Restricted cash (note 4)	46,628	46,160
Capital assets		
Office furnishings and equipment	15,372	14,053
Less: Accumulated amortization	14,317	13,721
	1,055	332
	1,650,083	1,723,060
Liabilities		
Current liabilities		
Return and processing incentives payable	169,022	184,090
Accounts payable and accrued liabilities	312,051	331,204
	481,073	515,294
Net Assets		
Unrestricted	1,121,327	1,161,274
Restricted (note 4)	46,628	46,160
Invested in capital assets	1,055	332
	1,169,010	1,207,766
	1,650,083	1,723,060

Commitments (note 5)

Approved by the Board of Directors

Director

Director

Manitoba Association for Resource Recovery Corp.

Statement of Changes in Unrestricted Net Assets

For the year ended December 31, 2004

				2004	2003
	Unrestricted $	Restricted $	Invested in capital assets $	Total $	Total $
Balance - Beginning of year	1,161,274	46,160	332	1,207,766	1,115,729
Excess (deficiency) of revenue over expenses	(38,160)	-	(596)	(38,756)	92,037
Interfund transfer (note 4)	(468)	468	-	-	-
Acquisition of assets	(1,319)	-	1,319	-	-
Balance - End of year	1,121,327	46,628	1,055	1,169,010	1,207,766

Manitoba Association for Resource Recovery Corp.

Statement of Operations

For the year ended December 31, 2004

	2004 $	2003 $
Revenue		
Environmental handling charges	3,098,853	3,062,166
Interest income	23,883	29,095
Membership fees	1,600	993
	3,124,336	3,092,254
Expenses		
Return and processing incentives	2,461,786	2,316,884
EcoCentre support costs (note 7)	301,271	313,917
Wages, contract and benefits	135,234	125,645
Public relations and promotion (note 8)	74,923	106,751
Professional fees	66,410	32,625
Compliance audits	25,762	27,243
Office and administration	25,118	18,229
Directors	19,620	21,269
Rent	12,211	12,459
Travel and automobile	8,379	8,256
Stewardship program review	8,060	-
Meetings	7,258	2,119
Insurance	6,868	6,618
Telephone and fax	5,658	5,519
Bursaries	3,000	1,500
Bank charges and interest	938	1,088
Amortization	596	95
	3,163,092	3,000,217
Excess (deficiency) of revenue over expenses	(38,756)	92,037

Manitoba Association for Resource Recovery Corp.

Statement of Cash Flows

For the year ended December 31, 2004

	2004 $	2003 $
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	(38,756)	92,037
Item not affecting cash		
Amortization	596	95
	(38,160)	92,132
Net change in non-cash working capital items	16,585	(26,292)
	(21,575)	65,840
Investing activities		
Restricted cash	(468)	(772)
Purchase of capital assets	(1,319)	-
	(1,787)	(772)
Increase (decrease) in cash	(23,362)	65,068
Cash and short-term investments - Beginning of year	886,428	821,360
Cash and short-term investments - End of year	863,066	886,428

Manitoba Association for Resource Recovery Corp.

Notes to Financial Statements

December 31, 2004

1 Incorporation and purpose

The Corporation was formed by oil and oil filter first sellers in Manitoba to develop, implement and administer a used lubricating products stewardship program in the province and began operation on January 1, 1997. The Corporation was incorporated as a not-for-profit organization without share capital under The Corporations Act of Manitoba on April 1, 1997. On February 26, 1998, the Corporation received approval to operate its used lubricating products stewardship program from the Minister of Environment, Province of Manitoba.

As a non-profit organization, no provision for corporate income taxes has been made in these financial statements pursuant to paragraph 149(1)(l) of the Income Tax Act.

2 Significant accounting policies

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization of office furnishings and equipment is calculated on a straight-line basis at an annual rate of 20% based on the estimated useful lives of these assets.

Revenue recognition

a) Environmental handling charges

Revenue from environmental handling charges is recognized in the year for which suppliers and end-users assess it, as regulated by the Used Oil, Oil Filters and Containers Stewardship Regulation.

b) Membership fees

The one-time membership fees are recorded as revenue when the participating companies join the Association.

Return and processing incentives

The return and processing incentives are recognized as an expense in the year to which the claim relates.

3 Line of credit arrangement

The Corporation has a $200,000 operating line of credit arrangement. Interest is charged at the bank's prime lending rate plus 1/2%. A general security agreement and a general assignment of accounts receivable have been provided as collateral for these advances.

4 Restricted cash

As of December 31, 2004, the amount of monies placed in a lawyer's trust account as part of negotiations to settle the Corporation's potential interest in two EcoCentre buildings held as inventory by the building supplier and one operating EcoCentre is $46,628 (2003 - $46,160). It is uncertain whether any of the funds will need to be released from trust to settle any potential liability.

5 Commitments

Operating lease

The annual minimum rental for leased premises under a lease to October 31, 2006 is $12,155.

General

Manitoba Association for Resource Recovery Corp. is obligated to use its unrestricted net assets, in future years, to fund the return and processing incentives, the establishment of EcoCentres and to provide stakeholder communication and public education materials for the used lubricating products stewardship program.

EcoCentres

Manitoba Association for Resource Recovery Corp. has entered into five-year renewal agreements with 56 EcoCentres and licensed collection facilities that were established to provide no-cost drop-off centres for used oil materials.

As part of its contractual agreement with each EcoCentre owner-operator, the Corporation is committed to provide annual operating support until July 31, 2007. The operating support payment for the EcoCentres currently in operation is estimated to be $260,000 per annum until July 31, 2007.

6 Financial instruments

Fair value

The Corporation's financial assets and liabilities consist of cash and short-term investments, environmental handling charges receivable, accounts receivable, and accounts payable and accrued liabilities. The carrying value of cash and short-term investments, environmental handling charges receivable, accounts receivable, and accounts payable and accrued liabilities approximates their fair values due to the short-term nature of these financial statements.

Credit risk

The Corporation is exposed to credit risk through its environmental handling charges receivable. The risk is minimized due to the large registrant base.

Interest rate risk

The Corporation's exposure to interest rate risk pertains to short-term investments, which are subject to future changes in interest rates.

7 EcoCentre support costs

	2004 $	2003 $
Operating support	258,351	234,852
Operational audits, training and supplies	27,013	22,840
Investment support	14,907	52,225
Engineering	1,000	4,000
	301,271	313,917

8 Public relations and promotion

	2004 $	2003 $
EcoSummer	69,850	91,350
Advertising & Awareness Campaign	3,206	4,172
Website	1,867	5,350
Consumer research/planning	-	4,442
Promotional material	-	1,437
	74,923	106,751

Manitoba Association for Resource Recovery Corp.

Board of Directors and Staff

Back Row:
Joe Casciano (Chairman), Keith Micklash (Secretary Treasurer),
Lenore Indarsingh, Ron Benson (Executive Director)

Front Row:
Lutz Ehrentraut, Keith Penner, Brian Schmidt,
Aaron Strub (Administrative Services Manager)

It is with deep sadness that we announce the passing of Ken Carels on January 26, 2005. Ken was a Director of MARRC since November 1997.

Board of Directors

Joe Casciano, Canadian Tire Corporation Limited
Chairman

Keith Micklash, Magnum Oil Mb. Ltd.
Secretary Treasurer

Brian Schmidt, Imperial Oil
Director

Lenore Indarsingh, Shell Canada Products
Director

Keith Penner, Dana Canada Inc.
Director - replaced Todd Westwood August 20, 2004

Lutz Ehrentraut, Canadian Automobile Association (CAA)
Director

Ken Carels, Town of Melita
Director

Legal Counsel

Fillmore Riley, Barristers & Solicitors

Auditors

PricewaterhouseCoopers LLP, Chartered Accountants

Staff

Ron Benson – Executive Director
Aaron Strub – Administrative Services Manager

MARRC Office

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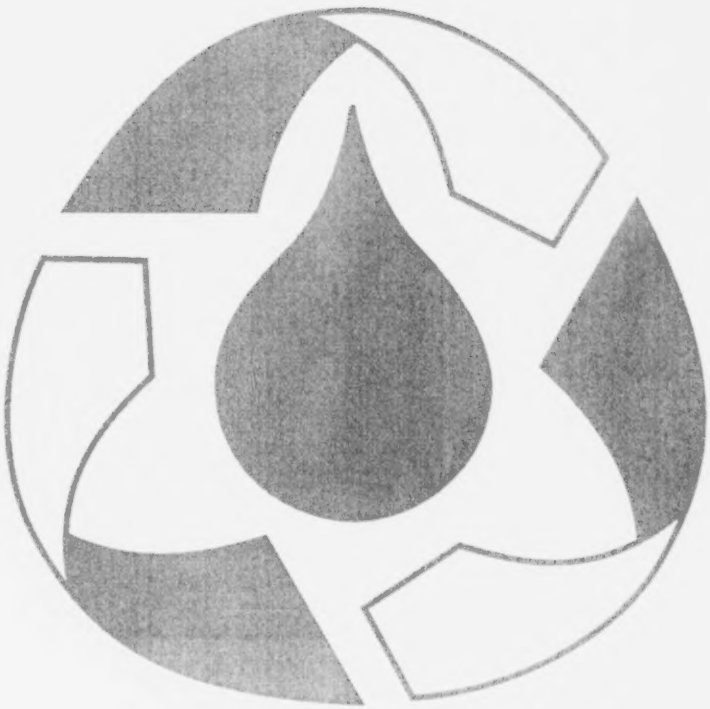
marrc@mts.net e-mail

Notes



Mr. Oil Drop

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